



April 14, 2011

Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, D.C 20551

**Re: Docket No. R-1407 and RIN 7100-AD66  
Comments on Proposed Rules for Fair Credit Reporting Act Risk-Based Pricing  
(Credit Score Disclosures)**

Dear Ms. Johnson:

The Ohio Credit Union League (OCUL) appreciates the opportunity to comment on the Federal Reserve Board's (Fed) and Federal Trade Commission (FTC) proposed rule under Fair Credit Reporting Act (FCRA), Risk-based pricing (Credit-Score Disclosures), that requires creditors using a credit score in risk-based pricing must disclose that credit score and other related information.

OCUL is the credit unions trade association for credit unions in Ohio and advocates on behalf of Ohio's 390 federal-and state-chartered credit unions and their 2.7 million members. The comments reflected in this letter represent the recommendations and suggestions of OCUL.

**Summary of the Proposed Rules**

The Fed and FTC have issued this proposed rule, Credit Score Disclosure Rule, as required under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). In addition to the information currently required by section 615(h) of the FCRA, the new proposed rule requires creditors using risk-based pricing to provide:

- A statement that a credit score takes into account information in a consumer report and a credit score can change overtime
- The specific numerical credit score used in making the credit decision
- The range of possible score under the model used
- Factors that adversely affected the credit score such as late payments and high credit utilization
- The date on which the credit score was created
- The name of the entity that provided the credit score

**Analysis**

The proposed rule would revise and add new content to the existing regulations and require the creditors to provide:

- A statement informing how a consumer could obtain a consumer report and contact information for the credit reporting agency.



- A statement directing consumers to the websites of the Federal Reserve and Federal Trade Commission.
- Six new disclosures on a risk-based pricing notice, if a credit score is used in setting the material terms of credit
- Six new disclosures on a risk-based pricing notice, if a credit score is used to increase the annual percentage rate (APR).
- Multiple credit scores if a credit union uses the low, middle, high, or most recent score, it must provide that score. If a credit union uses multiple scores (e. g. , average of all scores), it must provide at least one of the credit scores
- A notice to each customer in a transaction with two or more consumers, unless the consumers have the same address. However, if the notice includes credit scores, a creditor must provide a separate notice to each consumer with his or her own credit score.

OCUL believes this proposed rule is redundant and burdensome to our member credit unions. Section 311 of the FACT Act added a new section 615(h) to FCRA to address risk-based pricing and went into effect January 1, 2011. The section already requires the creditor to provide the risk based pricing notice that contains an address and telephone number of the furnishers. The credit scores and other related information are available to consumers at no cost whenever they apply for credit and are denied or receive terms that are materially less favorable based on the information available on their credit reports. Furthermore, all consumers are entitled to a free credit report in a calendar year regardless to whether they have applied for credit. The credit unions will need to utilize the already limited resources to comply with this rule that could otherwise be used to better serve their members. Providing information that is already available is unnecessary and inefficient.

The proposed rule requires disclosure of all the key factors that adversely affected the credit score, which shall not exceed four factors (or five factors if the number of inquiries made to the consumer report is one of the factors). The credit report routinely outlines three or four reasons about factors that adversely affect scores. The factors they identify rarely accurately identify the true reasons why the scores are lower or how they could be higher. Listing these factors would provide little or no value to the consumer. In addition, this could cause significant unintended confusion to the consumer. OCUL believes our credit unions member would benefit from being reminded that various factors affect their scores and recommend they should seek the advice of their credit unions on how to improve their scores.

The Proposed Rule is effective July 21, 2011, however, no mandatory compliance date has been stated. OCUL requests clarification regarding mandatory compliance and suggests a date of January 31, 2012 to allow credit unions, in particular smaller credit unions sufficient time to revise notices currently in use.

## **Conclusion**

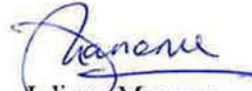
OCUL believes the already effective risk-based pricing notice rule under FCRA provides consumers with the necessary information to better manage their finances. We hope the agencies will reevaluate the propose rule. Our credit unions, specifically small credit unions are already struggling with the ever changing regulatory environment.

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The Ohio Credit Union League would like to thank the Federal Reserve Board for the opportunity to comment on this proposal. OCUL, appreciate your consideration in any further action or final rules adopted. If you would like additional information or suggestions on this proposed rule please do not hesitate to contact the Ohio Credit Union League at (800) 486-2917 or [jmaneno@ohiocul.org](mailto:jmaneno@ohiocul.org).

Respectfully submitted,

  
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